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EGYPT'S RELATIONS WITH THE SOVIET UNION: AN APPRAISAL

A Research Paper written by

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Command and Staff Course, 1963

INTRODUCTION

The cold war struggle between the free world and the communist bloc continues with increasing intensity, shifting rapidly from one part of the globe to another. While focusing attention on one area, the communists prepare to launch a new drive in yet another area. Communist tactics have recently shifted the Western powers' attention from the Far East to Europe and then to South America. Meanwhile, communist activities have been relatively quiet in another vital and potentially explosive area—the Middle East.

Egypt is considered the most important Arab state. (28:50) Because of her size, population, military strength, and nationalistic appeal, she is able to exert much influence on other Middle East states. The country is of strategic importance also, for whoever controls Egypt can control the flow of oil to Europe, cut a major communication artery, and gain a bridgehead to Africa.

The Soviet Union has recognized the importance of Egypt. In 1955 the Soviet Union initiated the communist Middle East offensive by increasing political, military, economic, social, and cultural relations with Egypt. Other communist bloc countries soon followed suit, with the result that Egypt has been subject to significant communist influence.

Some seven years have passed since the communist bloc and Egypt began to develop firmer relations. In view of tense cold war issues elsewhere in the world, it is considered prudent to pause and make an assessment of Egypt's relationship with the communist bloc. What brought about their firmer relations? What have been the nature and effects of the relationship? What is the future outlook? These are questions which must be answered if we are to accurately gauge the influence of the communist bloc on Egypt and similarly the communist threat to the Middle East.

A complete assessment of the over-all relationship must encompass Egypt's political, military, economic, social, and cultural associations

with the entire communist bloc, as well as interrelationships and total effects. The influence exerted by Egyptian communists should also be considered. Such a broad assessment is beyond the scope of this writing. This paper will be limited to a consideration of Egypt's political, military, and economic relations with the Soviet Union from 1955-1962. Egypt's relations with other individual communist bloc countries will be discussed only as necessary to show the impact of Soviet economic activities. Although limited in scope, the appraisal should provide meaningful insights to the Egypt-Soviet relationship.

The purpose of this paper is, therefore, an appraisal of Egypt's political, military, and economic relations with the Soviet Union, in order to determine the cause of the relationship, the nature and effects of the relationship, and the future prospects for the relationship.

To accomplish the purpose, this paper will be developed in the following manner. First, necessary background information will be considered in order to gain an understanding of the circumstances and factors which led to the relationship. The political aspects will then be examined, followed by a discussion of the military and economic aspects of the relationship. Finally, factors expected to influence future relations will be explored and conclusions drawn.

I. BACKGROUND AND UNDERSTANDING

Egypt's move toward closer relations with the Soviet Union, as signaled by the Soviet-Egyptian arms agreement in 1955, was viewed with alarm and distrust by the Western powers. (27:211) In view of the Western reaction, an appraisal of the relationship that ensued should commence with an examination of the circumstances which precipitated the relationship.

The Setting. Shortly before 1955, Egypt experienced a change in leadership and was subsequently to steer a new course in national and international affairs. The country gained its independence from Great Britain in 1922; however, in the years that followed, successive national governments had not developed a viable economic and political structure. As the result, governmental corruption prevailed, living conditions were substandard, class distinctions were great, the economy was weak, and the population was increasing faster than food could be produced. (61:277-278) On July 23, 1952, a military junta overthrew the existing Egyptian government. (50:6) This group was faced with a monumental task and lacked experience for such an undertaking. Authoritarian leadership prevailed, and in 1954 Gamal Abdel Nasser, a principal leader in the coup, was recognized as the strong man of Egypt. Nasser declared his dedication to the improvement and development of Egypt; but he also had other goals, which to him required immediate attention.

Foremost among Nasser's aspirations was the complete elimination of 'imperialism.' In his eyes this included Israel, which had been brought about by 'imperialistic' powers. (33:98) Nasser remembered Egypt's humiliation and defeat during the Palestine War of 1948. Confronted by growing Israeli strength, he sought to increase Egypt's military preparedness.

Concomitant with the elimination of 'imperialism,' Nasser included three other goals. He sought to unify the Arab world, to provide leadership for Africans, and to ultimately unify Moslems throughout the world. (33:98-114) The dormant nationalistic desire of the Arab people to regain their world stature was strongly reflected in Nasser, who saw Egypt as the nation to lead the way. Nasser obviously needed military, financial, and economic support. He made known his needs to both East and West.

Although relatively poor and underdeveloped, Egypt has always been of strategic importance to world powers, by virtue of her geographical location. In the context of the cold war, Egypt began to assume even greater importance to the Western powers in their efforts to contain

communist expansion. With the gradual withdrawal of British and French influence from the Middle East, the United States began to take a more active interest in bolstering the area against possible communist encroachment. Previous Western efforts to bring Egypt into a Middle East defense alliance against communist aggression met without success in 1951. (50:5) The appearance of a new regime in Egypt presented the West another opportunity to enlist Egypt's co-operation.

Hopeful of closer relations with Egypt, the United States assisted in negotiations for the removal of British forces from the Suez Canal Zone and promised firm commitments for military aid to Egypt. (6:68-69) (50:8) The Suez agreement was concluded on July 27, 1954, and the United States agreed to assist with Egypt's economic development program—to include the Aswan Dam, which was Nasser's key development project. (50:8) The situation appeared to be developing well for both the United States and Egypt; but the honeymoon was short-lived, as the two parties could not agree on the terms for military equipment.

After failing to obtain arms from the United States on his conditions, Nasser negotiated with the communist bloc nations. Accordingly, in September 1955, Egypt concluded an agreement to obtain arms from Czechoslovakia. (53:731) The agreement triggered strained relations between the United States and Egypt, withdrawal of the United States offer of assistance for the Aswan Dam, and closer relations between Egypt and the Soviet Union. What brought Egypt's turn to the East? John C. Campbell has indicated that the precipitating events were the following: Israel's attack on Gaza in February 1955, which highlighted Egypt's failure in not obtaining arms from the United States; and the Baghdad Pact, a defense alliance including Turkey and Iraq, which infuriated Nasser. (6:69) These events undoubtedly contributed; but they were also indicative of the more fundamental causes—attitudes and interests, coupled with communist opportunism.

Attitudes and Interests. Nasser's attitude toward 'imperialism' reflects the deep resentment of the Arab toward the West. (27:214) For centuries the country had been ruled by, or under the dominating influence of, foreign powers and most recently Western powers. The social unrest and the poor state of development in Egypt was associated with previous external influence. As a result, the people had developed a burning desire to break away from outside influence. Any overture which could be misconstrued as further efforts to dominate would be looked upon with suspicion and distrust. The United States, being of Western culture and tradition, was associated with 'imperialism.' Unfortunately, actions and inactions of the United States were misinterpreted by Egyptians as efforts to increase Western hegemony, if not to replace British influence.

The United States problem in dealing with Egypt was one of conflicting interests. The Baghdad Pact was a step forward in Middle East security against communist aggression. Conversely, Nasser was angered over the Pact and the United States support of it, as the Pact was counter to his plans for Arab unity under Egyptian leadership. Nasser wanted arms, without conditions stipulated by the United States. United States arms aid, however, was predicated on mutual security arrangements. (53:783) Nasser wanted arms to meet the growing Israeli 'threat,' but the United States was supporting Israel's development. To arm Egypt with offensive weapons would have caused an imbalance in the then existing situation between Israel and Egypt. Thus interests of the United States were not compatible with those of Nasser and were viewed by the latter as efforts to intervene and to influence.

Although anti-Western by nature, Egyptians had not considered themselves involved in the cold war struggle. (22:221) The need for a great deal of external assistance to accomplish his economic, military, and political goals soon changed Nasser's attitude toward a more active foreign policy. (27:215) A policy of nonalignment would provide the means of getting assistance from both West and East and might bolster Nasser's standing in the Arab world. Such a policy would also turn the attention of Egyptians from continuing internal difficulties. Nasser's contacts with Nehru and Tito, coupled with his success at the Bandung Conference, undoubtedly pointed out the advantages of playing West against East. Perhaps more important, acceptance of support from the communist bloc presented the only way of openly pressuring the West. Nor was communism a threat, as Egyptians had not been exposed to the dangers of communism. As Walter Z. Laqueur wrote, communism was '... some mythical invention, or perhaps a clever stratagem of American and European 'imperialists' . . . ' (23:261) The communist economic system also appeared to offer a great deal for Egypt's development.

Egypt clearly needed a change, for its economic system and rate of development would not support Nasser's goals. In contrast to the United States, the Soviet Union represented a planned economy and one that had demonstrated rapid economic development. It served as an example for a backward state striving for fast development. Capitalism connoted 'imperialism' in Egypt and its opposite—socialism—was selected as the system of economic development. (28:78) Furthermore, to the Egyptians, the Soviet economic system was equated with change. Joel Carmichael observed that regardless of their personal opinion of communist ideology, the Egyptian leaders '... could not help but view the Soviet system . . . as remarkably fitted to their own situation.' (7:36) The attractiveness of the Soviet economic system, the desire to bring about rapid change, and the absence of communism as a threat oriented Egypt toward its socialistic involvement.

Communist Opportunism. While the West had been trying to organize the Middle East in a defense alliance, communist bloc activities had been confined to relatively unsuccessful local party activities. (2:13) The Soviets showed little overt interest in the Middle East following World War II, except for futile attempts to retain their hold on Iran and to gain an inroad to Turkey. Stalin viewed the stirrings of nationalist movements in the Middle East with disdain. (27:189) He adhered to the doctrine that only the proletariat, led by local communist parties, could bring about a true revolution. Nationalist leaders such as Nasser were unpredictable and could be likened to Kemal Ataturk who chose an independent course after receiving Soviet support. Consequently, there was no future in supporting such movements, as a country was either communist or non-communist.

Following Stalin's death in 1953, the new Soviet leaders took a different view toward nations emerging from 'imperialist' control. More could be gained from supporting, rather than ignoring or antagonizing such a nationalist movement. It was considered that communism would ultimately prevail because of the incompetence of nationalistic governments. (27:160) Meanwhile, advantages would accrue if the movement could be made to become militarily and economically dependent upon the Soviet Union.

Western efforts to organize a defense alliance in the Middle East, especially the Baghdad Pact, were viewed with alarm in Moscow as well as in Cairo. Action was indicated for the Soviet Union and the objectives were clear: block Western efforts to organize the area in a defense alliance; decrease the Arab countries' economic dependence on the West; cause the Arab countries to become dependent upon the communist bloc; and finally, bring about the collapse of nationalist governments and supplant them with communist regimes. (43:260) The results would be disastrous for the West. The Soviet Union would threaten the NATO flank, cut a major communication artery, control the movement of oil, and possess a bridgehead to Africa.

Egypt appeared to be the most promising point to begin the Soviet Middle East offensive. Nasser was becoming a symbol of Arab nationalism; he was impressed with neutralism, and he was becoming disenchanted with the West. (6:212) Egypt needed political support and military and economic assistance. The strategy was thus clear: support Arab nationalism; side with Egypt on all issues not in direct conflict with Soviet interests; lend emphasis to Nasser's anti-Western campaign; provide economic support to Egypt and tie her economy to the communist bloc. (16:679) The Soviet Union bode its time and waited for an opportunity to capitalize on Western mistakes. The waiting was not long. Arms, without 'strings,' proved the catalyst for closer relations between Egypt and the Soviet Union.

Summary. In 1955 Nasser sought military and economic assistance for Egypt, in furtherance of his aims to eliminate imperialism, to increase Arab nationalism, and to achieve Arab unity. He turned initially to the West, but was unable to obtain arms on his conditions. Fearing further Western influence and deeming nonalignment an advantageous policy, Nasser turned to the communist bloc, which to him posed no threat and appeared to have much to offer for Egypt's development. The Soviet Union saw an opportunity to initiate its Middle East offensive by supporting Egypt. The Soviet leaders hoped to reduce Western influence in Egypt, cause Egypt to become dependent on the communist bloc and eventually to bring her under Soviet domination.

II. POLITICAL ASPECTS OF THE RELATIONSHIP

The Soviet offensive in Egypt represented at the time a new communist strategy for domination—control through external rather than internal means. What, therefore, have been the nature and effects of the Soviet Union's political relations with Egypt? In 1957 the Secretary of State, John Foster Dulles, indicated that, to determine whether or not a country is controlled by international communism, one must consider the ' . . . actions or lack of actions which the government takes in its international and in its domestic affairs . . . ' (52:29) With this in mind, let us consider some of the major events in Egypt's political association with the Soviet Union.

Action and Reaction. Following the arms agreement in 1955, Nasser's prestige and that of the Soviet Union soared. Laqueur wrote that, in the eyes of Arabs, ' . . . Nasser had suddenly become the great liberator who had broken the Western yoke, and the Soviet Union became the only true and selfless friend of the Arab peoples.' (27:224) Almost overnight the Soviet Union became a power in the Middle East which would have to be considered by the West.

Egypt's declared policy became one of nonalignment which, although correct on the surface, caused much consternation in the West. The West distrusted Nasser's motives and feared that Egypt would become dependent upon the Soviet Union and align herself with the communists. Egypt reacted with propaganda attacks against the West, thus relations between that country and the United States became more strained. (27:212,229) Conversely, Egypt's relations with the Soviet Union became increasingly firmer.

Russia was quick to capitalize on growing Egyptian enmity toward the West. The Soviet Union increased diplomatic, cultural, social, and economic relations with Egypt, and with other Arab states, which became more receptive to Soviet overtures following Egypt's example. Efforts by the United States to caution Nasser against further involvement with the Soviet Union were misinterpreted as an attempt to employ economic pressure, and as further incursions against Egypt's right to independence of action. (29:132-134) Events which followed further exacerbated the situation. On May 16, 1956, Egypt announced her recognition of Communist China. On July 19, 1956, the United States withdrew its offer to assist in financing the Aswan Dam. Nasser's reply was nationalization of the Suez Canal. (50:14-15) Unintentionally, the United States caused Egypt to draw closer to the Soviet Union.

The ensuing Suez Canal crisis afforded the Soviet Union a principal opportunity to support Egypt's position and to earn her friendship. Soviet propaganda assailed Western 'imperialism' and espoused the Arab cause. Soviet 'volunteers' were offered to fight for Egypt and a massive Soviet world-wide propaganda effort demanded the withdrawal of Western and Israeli forces. The United States and the United Nations played major roles in effecting the evacuation of Western forces, but the Soviet Union was credited by Egypt as being her benefactor. Egypt's standing in the Arab world increased after the Suez Canal crisis and contributed to Nasser's plan for Arab unity.

On February 1, 1958, Syria merged with Egypt to form the United Arab Republic, a union that was to end in 1961. The Soviet Union would have preferred to deal with Syria separately, but it was not outwardly critical of the merger for fear that Soviet prestige might diminish. (27:259-261) Nasser considered the union a stride forward in Arab nationalism and Arab unity. The Soviets continued to support the new republic politically, militarily, and economically.

In 1958 Egypt's affiliation with the Soviet Union became increasingly better, while Egypt's relations with the United States grew generally worse. In the Spring of 1958, Nasser visited Russia where he was treated with great respect and many manifestations of Soviet-Egyptian solidarity were evidenced. The crises in Lebanon and Iraq again found Egypt and the Soviet Union closely aligned in support of Arab nationalism. An effort by the United States to curtail the United Arab Republic's apparent subversion of other Arab governments was assailed by Nasser and the Egyptian press. (44:286-297) The West's fears concerning Egypt's cold war position were supplemented by new fears regarding Nasser's nationalistic drive in the Middle East.

Soviet Influence. The important point is the degree to which Egypt's international actions toward the West and her domestic actions have been influenced by the Soviet Union. United States officials have been concerned over the Egyptian propaganda attacks against the United States. (53:245) As indicated by Laqueur, '... the weapons of the cold war are propaganda, and it would be difficult to argue that anti-Western propaganda emanating from the United Arab Republic is much milder than that coming from the Soviet Union.' (27:318-319) In all fairness, it must be pointed out that, in many cases, Nasser's anti-Western actions may have been due to his own xenophobia, his drive to eliminate 'imperialism' and his need for a 'scapegoat' rather than Soviet inducement.

Egypt rejected the Eisenhower Doctrine, an effort by the United States to show its willingness to support the sovereignty of Arab states. This

rejection of the Doctrine was attributed largely to Soviet propaganda influence. (27:244) Although well intended, the Eisenhower Doctrine placed emphasis on support against communist aggression which, to the Arabs, posed no threat. Another indicator of Egypt's political position is her stand at the United Nations.

The United Nations is a world forum where states publicly exhibit their political positions on many international issues. A review of United Nations yearbooks from 1956-1960 indicates that on several political questions, such as the representation of Mainland China, the Cuban issue, and certain disarmament issues, Egypt sided with the Soviet Union. More often, Egypt has *abstained* from voting on political issues between West and East. In one instance, the Hungarian issue, Egypt's abstention served the Soviet cause equally well because an abstention signified a failure to condemn Russian actions in Hungary. It is significant to note that, in most cold war issues, Egypt has taken a neutral position with other traditionally nonaligned states.¹

Nasser has continually opposed communism in Egypt. (4:766) The Communist Party in Egypt has no legal status and in January 1962, was reported to consist of no more than 1,000 members. (57:67) Apparently, Nasser has felt adequately secure in his relations with the Soviet Union to suppress communism in Egypt. The Soviet leaders have undoubtedly been willing to overlook Nasser's opposition to Egyptian communism in hopes of greater long-range benefits. But as Dr. Charles H. Malik was quoted in *Newsweek*: 'It isn't that the membership of the . . . party has increased so much as it is that people are more prepared to co-operate with the communists and to expect great things from them.' (9:50)

It is evident that the development of a favorable image of the Soviet Union in Egypt can be attributed to the Soviet's ability to exploit Western mistakes and to side with Egypt without encountering conflicting interests. However, as Soviet interests began to spread to other parts of the Middle East, its cloak of respectability and its credo of nonintervention began to fade. The first step came as the result of Soviet ventures in Iraq.

Conflicting Interests. Nasser viewed the Iraqi revolution as an opportunity to expand the United Arab Republic, but his hopes were dashed by the rising influence of Iraqi communists who were opposed to the union. Russia considered Iraq, with its strong Communist Party, a prize even greater than Egypt. A communist-dominated Iraq would drive a wedge

¹See Bibliography items 62-66.

between the Baghdad Pact states of Iran and Turkey, so the Soviet leaders chose to support Iraq as they were supporting Egypt. The conflict between Egypt and Iraq widened. Nasser denounced Iraqi communists and blamed the Soviet Union for supporting Iraq and Iraqi communists. Nikita Khrushchev retaliated with propaganda attacks against Nasser. The quarrel between Nasser and Khrushchev soon subsided though, possibly because both parties realized the mutual advantages of their affiliation. (6:153) Nevertheless, the Soviet Union found itself in a dilemma of conflicting interests similar to that of the United States when the Baghdad Pact was formed.

In light of the increasing communist threat to his plans for Arab nationalism, the United Arab Republic, and Egypt's development, Nasser began a reappraisal of his relations with the Soviet Union. (16:680) Nasser had previously considered that he could deal with Russia as a state and not with communism. (27:244) But Nasser was quoted by George E. Kirk, in *Contemporary Arab Politics*, as saying in 1959 that:

The Arab Communists . . . are tools in the hands of Russia Until quite recently Khrushchev supported us. For every move on his part in favor of Arabs, we have been grateful ten times over. But for every blow that he levels against us we will give him ten in return For all our lives we have struggled against imperialism Now this new danger threatens us The Communists and the imperialists must understand that we are masters in our own country (21:158-159)

Nasser's awareness of the Soviet Union's ultimate goal in the Middle East has not turned him entirely from the Soviet Union, nor has it led him to an alliance with the West. Significantly, however, relations between Egypt and the United States began a decided trend for the better in 1959, and had improved considerably by the Spring of 1960. (12:59,61) There have been indications that Egypt and the United States are quietly and discreetly probing for a better understanding of each other. Egyptian propaganda attacks against the United States had subsided somewhat by 1962, and the United States seemed willing to deal with Egypt, regardless of her relations with the Soviet Union. (19:13) (8:7) Egypt's associations with the Soviet Union in 1961, were considered by Alvin Z. Rubinstein to be ' . . . correct but cordial' (40:221) Nasser appeared to be seeking a more stable position between West and East.

There is also evidence that Nasser has been striving to reduce Soviet influence in Egypt. Egyptian leaders have indicated their concern as to the degree of communist orientation being given Egyptian students

in Russia. As the result, some 330 Egyptians, attending or scheduled to attend Russian schools, were recently transferred to Western schools. (12:15-16) Of equal importance is the fact that a booklet entitled, *What Happens When Communism Enters a Country* was printed in Egypt in 1959 and was given wide circulation in Egyptian schools. The significant point is that the booklet is a reprint of a United States publication entitled *The Struggle of Hungary for Freedom*, which was suppressed in Egypt in 1956. (12:12,14) Though not so close, political relations continue between Egypt and the Soviet Union, with mutual interests overshadowing ideological differences.

Summary. Initially, the Soviet Union attained great prestige and influence in Egypt, simply by supporting Egypt's political position and Arab nationalism. Soviet political backing facilitated Egypt's policy of non-alignment, caused a withdrawal of Western influence, and led to strained relations between Egypt and the United States. Egypt's declared political preference of nonalignment seemed at times to be pro-Soviet; yet Egypt's antagonistic attitude toward the West could have been influenced by Nasser's own anti-Western, 'anti-imperialistic' attitudes. It is important to note that Egypt did not support the Soviet cause completely, or succumb to Soviet domination. Nasser also continued to oppose communism in Egypt. Soviet intervention in Egypt's plans to join Iraq in the United Arab Republic thwarted Nasser's efforts for Arab unity. Accordingly, Nasser became aware of the Soviet threat in the Middle East and concerned over Egypt's close relations with the communist bloc. There followed closer relations between Egypt and the United States. In effect, Nasser has recently appeared to be seeking a more favorable power balance in which to play West against East and East against West—to Egypt's advantage.

III. MILITARY AND ECONOMIC ASSISTANCE

The Soviet Union's announced purpose in providing military and economic assistance to Egypt was to help Egypt reduce her dependence on Western countries. (23:360) The Soviet Union's real purpose, however, was to use military and economic assistance in support of its over-all strategy to subordinate and replace Western influence. (59:3) Soviet assistance to Egypt would insure at least a neutral Egypt, while facilitating increased Soviet prestige, good will, and influence. If Egypt became militarily and economically dependent upon the Soviet Union, a form of leverage would be available to influence Egypt's actions. While it is neither possible nor necessary, in the context of this paper, to catalog all the details of the military and economic transactions, it is possible and necessary to consider the landmarks, the trends, and the significant aspects.

The Economic Influence. The arms agreement between Czechoslovakia and Egypt was arranged by the Soviet Union and was characteristic of those to follow. Egypt was provided credits which could be used to purchase military items, with repayment being made primarily in cotton over a period of at least five years. It has been reported that some \$250 million of the credits were expended for all types of military items. Much of the equipment was lost during the Suez Canal crisis, but was subsequently replaced from the same source. (56:44-47) There is little doubt that the arrangement was appealing to Egypt. It appeared to be a purely commercial transaction, without 'strings.' It provided a needed outlet for Egyptian cotton and did not necessitate the expenditure of hard currency. Other such agreements soon followed to finance specific Egyptian development projects, trade, and technical assistance.

After the United States withdrew its offer to assist in financing the Aswan Dam, the Soviet Union contracted to finance the Dam. Credits amounting to an estimated \$100 million were provided in 1958 to finance the first stage. (46:12) During the same year, the Soviet Union provided Egypt with \$178 million for industrial development, including such projects as factories, plants, shipyards, and mills. Although the Soviet Union was the principal participant, much of the equipment was provided by other communist bloc countries. Repayment of these credits was to be made over a 12-year period at two and one-half per cent interest. (56:45-46) By 1960 communist bloc economic assistance to Egypt totaled \$919 million, making Egypt the third largest recipient of communist bloc economic assistance, exceeded only by India and Indonesia. (60:8)

Prior to 1955, less than 15 per cent of Egypt's total trade was with countries now included in the communist bloc. By 1957, however, nearly 50 per cent of Egypt's total exports—primarily cotton—were going to the communist bloc. (56:48) Figures available show that, as of 1960, the communist bloc still accounted for the largest share of Egypt's total trade.¹

When the arms agreement was effected, Nasser indicated that Soviet technicians would not be sent to Egypt. Notwithstanding, 4,000 Soviet military and nonmilitary technicians were estimated to have been in Egypt by 1956. (37:92) As late as 1960, there were still approximately 525 communist bloc technicians in Egypt at any given time. (60:11) Many Egyptians have, therefore, come into contact with exponents of the communist system, while Western personnel have had less contact with Egyptians.

Along with increased trade came trade delegations and trade fairs. The Soviet Union, East Germany, and Communist China staged trade and industrial fairs in Egypt. Egyptians have attended similar fairs in communist bloc countries. (56:49) As the result, many Egyptians have been exposed to products of the communist system under the most favorable circumstances.

From the foregoing it is evident that, in many respects, Egypt is dependent upon continued military and economic relations with the Soviet Union and other communist countries. Egyptian cotton is mortgaged for years ahead to repay Soviet credits. Future developments, such as the Aswan Dam, are geared to continued Soviet assistance. Even more important, Egypt must look to the Soviet Union for replacement items and spare parts for her armed forces.

It is difficult to determine the degree to which Soviet economic leverage has been applied to influence Egypt's political actions; one can only surmise. As indicated in *The Intelligence Digest*, the Soviet Ambassador informed Nasser, in 1959, that continued Soviet support would be conditional upon the cessation of Egyptian interference in Iraqi affairs. (10:16) It is also significant that the Soviet offer to finance the second stage of the Aswan Dam came in January 1960, following the Khrushchev-Nasser quarrel and firmer relations between Egypt and the United States. (47:27) Could this have been a peace offering? At any rate, as Senator Hubert H. Humphrey wrote: 'Nations unable to supply their own military and industrial needs of necessity become dependent upon their major source of supply . . .' (59:VIII) In view of Egypt's dependence upon the

¹See Appendices A and B.

communist bloc for military and economic assistance, her *independence* of political action is questionable. It is doubtful that the Soviet Union would jeopardize its position with Egypt by applying any *obvious* economic pressure unless a great deal could be gained. Nevertheless, the leverage is available.

The psychological impact of the Soviet military and economic assistance program cannot be overlooked. (1:72) Indeed, the Soviet program appears to have been designed to create a favorable impression of the Soviet economic capability and to lend credence to its claim of 'altruistic' motives. Credits, rather than grants-in-aid, as frequently practiced by the United States, give the impression of a purely commercial transaction without 'strings.' The Arab would view a gift with suspicion, whereas low interest rates and long-term repayment periods cause Egyptians to feel the Soviet Union is not trying to take advantage of them. At the same time, long-term repayment arrangements permit more to be purchased and used over a shorter time frame. The Soviets have been willing to finance specific pet local projects or projects of a significant nature, such as the Aswan Dam and the Nuclear Physics Laboratory in Cairo, rather than hinging their assistance on an over-all development plan. The effect of such projects in raising the prestige of Egypt in the eyes of Egyptians is substantial and could cause them to overlook many inherent disadvantages.

The Disadvantages. Increased economic relations with the communist bloc have not been entirely advantageous to Egypt. As a result of increased trade with the East, Egypt soon lost many of her normal Western markets. As pointed out in a report by the Middle East Institute in 1959:

. . . Communist countries bid prices beyond that which Western countries would pay. Then the Communist countries have re-exported the Egyptian imports to the same Western markets which Egypt had lost, at prices below those which Egypt had been paid. When the Western markets became permanently alienated and imports from Communist countries did not measure up to those which Egypt could have obtained from the West, it became apparent to Egypt that its trading position had deteriorated. (41:82)

Insofar as Soviet credits are concerned, Egypt has been limited to communist bloc countries for her purchases. (60:12) Further, as Egypt's exports to the communist bloc increased, she soon developed a trade surplus with the bloc which, by 1959, amounted to \$60 million. Generally, such a trade surplus can only be spent in bloc countries. Communist bloc goods did not in all cases fill her requirements, but Egypt was limited in

her ability to shop elsewhere. (55:26) There is also evidence that Egypt has been dissatisfied with the quality of bloc goods and late deliveries. (1:23)

Nasser is not unaware of Egypt's increased dependence upon the Soviet Union for continued military and economic assistance. He was quite concerned over the continued flow of weapons spare parts during his disagreement with Khrushchev over Iraq. (44:303) Nasser had reason for concern, because he has considered a strong military force requisite to Egyptian independence. He is certainly cognizant of the fact that without resupply of ammunition and spare parts, weapons soon become useless.

A Reappraisal. In 1959 Nasser began an earnest effort to lessen Egypt's bonds with Russia. (51:23) Action was taken to adjust price systems and export premiums to facilitate increased trade with the West. (51:23) Credits were obtained from Japan and West Germany and economic transactions were increased with the United States. Negotiations were also instigated with the United States for the resumption of aid and technical assistance programs which had been stopped during the Suez crisis. (16:682)

Economic assistance from the United States had never been acceptable to Syria prior to her union with Egypt, although Soviet assistance was acceptable. (59:12) Under Nasser's leadership in 1959, both countries of the United Arab Republic began to accept increasingly large quantities of economic assistance from the United States. From 1959-1961, the United States obligated approximately \$256.7 million for economic assistance to the United Arab Republic; whereas, during the period 1956-1958, the United States economic assistance obligations to Egypt and the United Arab Republic had totaled about \$35.4 million.¹ Reports indicate that Egypt expects even larger amounts of economic aid from the United States in the future. (19:13) In 1959 and 1960, United States trade with Egypt nearly doubled that of previous years and almost matched that of the Soviet Union.² Egypt is now receiving a large amount of economic assistance from both the United States and the Soviet Union, as Russian assistance is still continuing. (20:18737,18889)

¹See Appendix C.

²See Appendices A and B.

Nasser's desire to decrease Egypt's economic dependency on the communist bloc may have been born of economic necessity, increasing awareness of the Soviet motives, or fear of becoming too dependent on a single foreign influence. It is most probable that all these factors influenced Nasser to seek a more favorable balance of economic dependency for Egypt. It is significant to note that Egypt's increased economic dealings with the West followed the Iraqi revolution and the Soviet Union's involvement in inter-Arab affairs.

Summary. As the result of its military and economic assistance to Egypt, the Soviet Union rapidly succeeded in reorienting Egypt's military and economic dependency toward the communist bloc. Egypt is indebted to the Soviet Union for the repayment of expended credits. She depends upon the communist bloc for her cotton exports, for the completion of development projects, and for the resupply of military items and spare parts. Egypt is consequently subject to military and economic pressure from the Soviet Union. Economic activities have also served the Soviet cause by promoting good will and by impressing Egyptians with Soviet economic capabilities. Due to an increasingly unfavorable balance of trade and the fear of Soviet influence, Nasser launched a program to loosen Egypt's ties with the Soviet Union through increased economic relations with the West. To a degree he has succeeded, but Egypt is still at the mercy of Soviet military and economic influence.

IV. FUTURE INFLUENCING FACTORS

From the foregoing discussion it is apparent that Egypt has recently sought to decrease her dependency on the Soviet Union and to gain a more favorable power position between West and East. Egypt's future associations with the Soviet Union, as in the past, will depend largely upon Egyptian needs and actions of the protagonists—the United States and the Soviet Union.

Egypt's Needs. By Egyptian standards, considerable progress has been made toward internal improvement. Numerous social and educational programs are underway. Roads, plants, and factories have been constructed, and the cherished Aswan Dam is being built. However, Egypt has not reached an adequate level of economic development. (61:283-284) Nasser has recently tried to increase Western economic assistance to Egypt. It has been seen, however, that much of Egypt's economic development is geared to continued Soviet assistance and trade. Egypt is, therefore, indebted to the Soviet Union for previous assistance and looks to the Soviet Union to assist with future developments. Of more importance is Egypt's dependence upon the Soviet Union for continued military assistance. According to Kenneth de Courcy: 'Nasser—even if he wanted to—could not now reorientate himself into a Western context without depriving himself of the military supply on which his forces depend, and rebuilding those forces within an entirely different context.' (11:5) Egypt's requirement for continued relations with the Soviet Union goes beyond military and economic considerations, for political policy is also involved.

Although tenuous at times, Egypt's avowed policy, like that of India, has been one of nonalignment in the cold war. It is evident that, so long as such a policy prevails, Egypt will continue to deal with both West and East. Nasser's position in the Arab world is, in large measure, due to his stand against Western influence. Nasser has not attained his goal of Arab unity, and it is unlikely that he will jeopardize his position by risking the appearance of being influenced by the West. On the other hand, experience has shown Nasser that the Soviet Union is a menace to his ambitions. (42:17) With this knowledge, Nasser has reason to exercise caution in his dealings with the Soviet Union. Russia failed to go to India's aid when she was threatened by China. Similarly, Egypt has reason to doubt that the Soviet Union would support her if communist interests were at stake. The West, however, was quick to go to India's aid, notwithstanding her dubious neutrality. Because of this, Nasser may feel secure in risking further involvement with Russia, depending on the West to go to his rescue if the Soviet embrace becomes unbearable.

Approach by East and West. Soviet political, economic, and military support for Egypt has continued, despite Nasser's attacks against Middle East communists, his complaints against Soviet intervention in Arab affairs, and his acceptance of increased assistance from the United States. The Soviets are persistent. Having made some progress with Egypt they are not likely to cease their efforts, especially when their ultimate objectives have not been attained. The Soviet Union is deeply committed to Egypt's economic development. If it fails to continue supporting Egypt militarily and economically, Soviet prestige and influence will decrease immeasurably. Furthermore, the Soviet Union is keenly aware of the benefits to be obtained from its military and economic hold on Egypt. It is thus considered likely that Soviet support for Egypt will continue, unless Soviet Middle East objectives change materially.

United States officials are of the opinion that the Soviet Union does not now control Egypt. (4:766) Friendly relations between the United States and Egypt are considered essential, in view of Egypt's standing in the Arab world. As indicated by Howard R. Cottam, a State Department official, the United States is willing to provide Egypt with economic assistance so that she can avoid the ' . . . alternative of total reliance on Soviet aid.' (49:714) Benefiting from previous mistakes in dealing with Egypt, the United States is exercising caution and patience, while applying assistance without appearing to influence.

The road to closer relations with Egypt will not be an easy one for the United States. Nasser's drive for Arab nationalism and Arab unity may clash with American interests. For example, Egypt may lend support to a revolution in Saudi Arabia, as she did in Yemen. Should King Saud ask for American support, the United States would be faced with the choice of supporting or not supporting a long-time friend. In addition, American aid to Egypt is already causing consternation among other Arab states that feel they are being slighted. (31:19) Conversely, there are advantages to supporting Egypt. Nasser's opposition to communism may prove a formidable barrier to communist expansion in the Middle East. Even more important is the fact that Nasser will not always rule Egypt; however, American support will be remembered and still needed by the Egyptian government. The colonial tide in the Middle East is ebbing, but the communist threat is growing. When Nasser is no longer the dominant figure in Egypt, American economic assistance and political interests may assume a greater role in Egyptian affairs.

V. SUMMARY AND CONCLUSIONS

Increased relations between Egypt and the Soviet Union resulted from the desire of both parties, but for entirely different reasons. Egypt needed external assistance to facilitate internal development. Nasser also wanted to improve Egypt's military and economic posture in support of his drive against imperialism and his goal for Arab unity under Egyptian leadership. Nasser failed to obtain assistance from the West on his terms. The continued need for assistance, the desire for independence of action, and the apparent advantages of an active foreign policy caused Egypt to seek Soviet assistance and to pursue a policy of nonalignment with West or East. The Soviet Union was anxious to provide Egypt with political, military, and economic support, in hopes of causing her to become dependent upon Soviet assistance and thus susceptible to Soviet influence and ultimate Soviet control.

The Soviet Union has penetrated Egypt politically, militarily, and economically. By backing Egypt politically, by siding with Arab nationalism, and by providing massive military and economic assistance to Egypt, the Soviet Union has had the following successes:

1. The Soviet Union became a power in the Middle East and gained greater access to other Arab countries.
2. Soviet prestige and influence increased, while Western influence decreased.
3. Middle East tensions increased, because a strengthened Egypt enabled Nasser to pursue his campaign to eliminate 'imperialism' and to achieve Arab unity.
4. Egypt became militarily and economically dependent upon continued Soviet support and subject to Soviet influence.

The Soviet Union has not, however, gained control of Egypt, nor has it dominated her actions to any obvious extent. Although questionable at times, Egypt has adhered to her policy of nonalignment. Internal communism has been suppressed and Nasser has rebelled at Soviet intervention in inter-Arab affairs. A growing awareness of the Soviet threat to Arab unity and Egypt's susceptibility to Soviet military and economic leverage, coupled with an unfavorable trading situation, has caused Nasser to seek a more favorable power position between East and West. To a degree he has succeeded, but his country remains indebted to the Soviet Union for previous assistance and dependent upon the Soviet Union for continued military and economic assistance.

It is difficult to forecast the extent of Egypt's future relations with the Soviet Union, but indications are that they will continue. Egypt still needs a great deal of external assistance, and Nasser has not attained his goals. The Soviet Union has a large investment in Egypt and will probably continue to support her unless the situation changes considerably. The United States appears willing to provide economic assistance to Egypt so that the state does not fall under significant Soviet domination. Egypt is now in a better position than ever before to play West against East and vice versa, to her advantage.

In view of previous experiences, Egypt's future relations with the Soviet Union will probably be more cautious and less extensive than before. Because of continued anti-Western feelings, Nasser will most likely exercise restraint in dealing with the United States. In the long run, as the communist threat increases and colonialism subsides, Nasser will likely choose to deal less with the communist bloc and more with the West. The immediate interest to the United States is that Egypt be kept from going further into the Soviet sphere of influence.

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APPENDIX A

THE UNITED ARAB REPUBLIC
EXPORTS BY PRINCIPAL COUNTRIES

COUNTRY	1954	1955	1956	1957	1958	1959	1960
Bulgaria	.073	.073	1.06	.77	.77	.89	1.00
Mainland China	2.90	6.24	5.98	8.61	7.49	7.69	8.14
Czechoslovakia	4.41	6.42	14.75	8.60	9.21	10.59	6.79
East Germany	.53	1.03	2.37	4.07	4.82	6.84	5.27
Hungary	1.34	3.03	1.19	.61	2.17	1.63	1.12
Poland	1.76	2.10	2.76	3.92	2.96	3.76	4.05
Romania	1.95	2.94	2.32	1.96	2.28	1.89	1.41
U.S.S.R.	1.37	5.85	3.94	18.37	17.58	18.51	16.20
TOTAL	14.99	28.34	34.37	46.91	47.28	51.80	43.98
United States	4.63	6.60	3.31	4.51	1.97	1.33	5.22

Notes:

1. Figures are percentages of total trade.
2. Syrian trade is excluded.
3. Military goods are excluded.

Source:

United Nations, Dept. of Economic and Social Affairs, Statistical Off.
Yearbook of International Trade Statistics 1960, (New York: 1962),
p. 557-562.

APPENDIX B

THE UNITED ARAB REPUBLIC IMPORTS BY PRINCIPAL COUNTRIES

COUNTRY	1954	1955	1956	1957	1958	1959	1960
Bulgaria	.056	.093	.30	.51	.65	.59	.61
Mainland China	.17	.18	2.08	3.92	3.67	3.85	3.02
Czechoslovakia	1.69	2.04	2.05	3.45	4.25	3.76	3.57
East Germany	.30	.45	1.58	3.57	3.82	4.14	3.91
Hungary	.82	.39	.85	1.28	1.99	1.58	1.07
Poland	.29	.27	.56	1.51	1.81	1.25	1.27
Romania	1.07	2.11	2.69	1.08	2.60	2.09	1.28
U.S.S.R.	1.44	1.26	4.24	10.18	13.29	12.51	10.17
TOTAL	6.34	7.63	14.35	25.50	32.08	29.77	24.90
United States	11.05	11.95	13.43	8.98	7.41	13.97	17.77

Notes:

1. Figures are percentages of total trade.
2. Syrian trade is excluded.
3. Military goods are excluded.

Source:

United Nations, Dept. of Economic and Social Affairs, Statistical Off.
Yearbook of International Trade Statistics 1960, (New York: 1962),
p. 557-562.

APPENDIX C

UNITED STATES FOREIGN ASSISTANCE
OBLIGATIONS TO THE UNITED ARAB REPUBLIC

(Millions of Dollars)

	1956	1957	1958	1959	1960	1961	Totals
Technical Co-operation and Other Special Assistance	2.6	0.7	*	2.0	5.7	2.5	13.5
Development Loan Fund	-	-	-	1.0	22.7	(-) .25	23.45
Public Law 480	30.8	0.5	0.8	45.4	69.9	76.2	223.6
Export-Import Bank Loans	-	-	-	3.5	9.1	18.0	30.6
TOTALS	33.4	1.2	0.8	51.9	107.4	96.45	291.15

*Less than \$50,000.

Sources:

1. U.S. Congress, House, Committee on Appropriations, *Foreign Operations Appropriations for 1962*, Hearings, (Washington: U.S. Govt. Print. Off., 1962), p. 710.

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BIOGRAPHIC SKETCH

Major William B. Steele, U.S. Army

SPECIAL QUALIFICATIONS: Parachutist

OVERSEAS SHORE DUTY: Saudi Arabia; Germany

EDUCATIONAL BACKGROUND: University of Georgia, 1950, BBA

DUTY ASSIGNMENTS:

82nd Abn Div, Ft. Bragg, N.C.	Asst G-1	4/61-7/62
1st Abn Battle Gp, 503d Inf,	Adjutant	1/61-4/61
82d Abn Div, Ft. Bragg, N.C.		
Co E, 1st Abn Battle Gp,	CO	2/60-1/61
503d Inf, 82d Abn Div,		
Ft. Bragg, N.C.		
Royal Gd Advisory Sec, USA	Bn Advisor	1/59-2/60
Element USATM, Saudi Arabia		
Arlington Towers, Va.	Mil Asst Orientation Crse	11/58-1/59
Ofc of Dir of Instr, USA Inf Sch,	Plans Sect	4/58-11/58
Ft. Benning, Ga.		
Instr Trng Crse, USA Inf Sch,	Instructor	10/57-4/58
Ft. Benning, Ga.		
USA Inf Sch, Ft. Benning, Ga.	Basic Abn Crse	8/57-10/57
USA Inf Sch, Ft. Benning, Ga.	Inf Off Adv Crse No. 2	1/57-8/57
30th Inf Combat Com (Prov),	Asst S-3	8/56-1/57
3d Inf Div, Ft. Benning, Ga.		
30th Inf Combat Com (Prov),	S-3	7/56-8/56
3d Inf Div, Ft. Benning, Ga.		
30th Inf Combat Com (Prov),	Asst S-3	1/56-7/56
3d Inf Div, Ft. Benning, Ga.		
Co D, 6th Inf Bn (Prov), 3d Inf	CO	7/55-1/56
Div, Ft. Benning, Ga.		
Co B, 6th Inf Bn (Prov), 3d Inf	XO	5/55-7/55
Div, Ft. Benning, Ga.		
USA Inf Sch, Ft. Benning, Ga.	Assoc Inf Co Off Crse	1/54-10/54
	No. 5	
Hq 22d Inf Regt, 4th Inf Div,	Liaison Off	4/53-3/54
USAREUR, Germany		
Co A, 22d Inf, 4th Inf Div,	Plat Ldr	10/50-4/53
USAREUR, Germany		